

IMMUNE DEFICIENCY FOUNDATION

YEARS ENDED  
DECEMBER 31, 2022 AND 2021



CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS ADVISORS

A Professional Corporation

# *IMMUNE DEFICIENCY FOUNDATION*

YEARS ENDED DECEMBER 31, 2022 AND 2021

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## Independent Auditor's Report

Board of Trustees  
Immune Deficiency Foundation  
Hanover, Maryland

### **Opinion**

We have audited the financial statements of Immune Deficiency Foundation (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022 and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Immune Deficiency Foundation as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Immune Deficiency Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Change in Accounting Principle**

As discussed in Note 2 to the financial statements, in 2022, Immune Deficiency Foundation adopted new accounting guidance in Accounting Standards Update (ASU) No. 2016-02, *Leases*, using the modified retrospective basis. Our opinion is not modified with respect to this matter.

### **Other Matter**

The financial statements of Immune Deficiency Foundation for the year ended December 31, 2021 were audited by another auditor who expressed an unmodified opinion on those statements on June 18, 2022.

## Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Immune Deficiency Foundation's ability to continue as a going concern for one year after the date that the financial statements are issued.

## Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance; and therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Immune Deficiency Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Immune Deficiency Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control related matters that we identified during the audit.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2023, on our consideration of Immune Deficiency Foundation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Immune Deficiency Foundation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Immune Deficiency Foundation's internal control over financial reporting and compliance.

*Brown Schultz Steidan & Fritz*

Frederick, Maryland  
June 12, 2023

**IMMUNE DEFICIENCY FOUNDATION**

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 1,250,364	\$ 689,372
Investments:		
Board designated	3,977,010	4,505,303
Other	1,536,582	848,247
Accounts receivable	8,920	8,704
Unconditional promises to give	58,271	421,767
Prepaid expenses	188,115	167,228
<b>Total current assets</b>	<b><u>7,019,262</u></b>	<b><u>6,640,621</u></b>
<b>Long-term assets:</b>		
Investments, board designated	6,198,759	7,297,781
Security deposit	17,130	
Property and equipment, net of accumulated depreciation of \$31,001 and \$432,019, respectively	210,537	70,590
Software, net of accumulated amortization of \$221,141 and \$124,294, respectively	196,186	278,235
Operating lease right-of-use asset, net of accumulated amortization of \$14,566	926,067	
<b>Total long-term assets</b>	<b><u>7,548,679</u></b>	<b><u>7,646,606</u></b>
<b>Total assets</b>	<b><u>\$ 14,567,941</u></b>	<b><u>\$ 14,287,227</u></b>

See notes to financial statements.

**IMMUNE DEFICIENCY FOUNDATION**

STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2022 AND 2021

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 306,894	\$ 403,282
Deferred rent		19,864
Refundable advance	63,962	800
Current portion of:		
Finance leases		16,372
Operating leases	51,473	
	<u>422,329</u>	<u>440,318</u>
<b>Total current liabilities</b>		
<b>Long-term liabilities:</b>		
Finance leases		4,458
Operating leases	1,103,602	
	<u>1,103,602</u>	<u>4,458</u>
<b>Total long-term liabilities</b>		
<b>Total liabilities</b>	<u>1,525,931</u>	<u>444,776</u>
<b>Net assets:</b>		
Without donor restrictions:		
Undesignated	1,557,409	1,454,273
Board designated	10,164,481	11,895,132
	<u>11,721,890</u>	<u>13,349,405</u>
<b>Total net assets without donor restrictions</b>		
Net assets with donor restrictions	1,320,120	493,046
	<u>13,042,010</u>	<u>13,842,451</u>
<b>Total net assets</b>		
<b>Total liabilities and net assets</b>	<u>\$ 14,567,941</u>	<u>\$ 14,287,227</u>

See notes to financial statements.

**IMMUNE DEFICIENCY FOUNDATION**

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Support and revenue:</b>			
Contributions and grants	\$ 5,784,360	\$ 1,196,127	\$ 6,980,487
Government grants and other contract revenue	993,537		993,537
Other income	68,746		68,746
Special events	680,121		680,121
Net assets released from restrictions	369,053	(369,053)	-
<b>Total support and revenue</b>	<b><u>7,895,817</u></b>	<b><u>827,074</u></b>	<b><u>8,722,891</u></b>
<b>Expenses and losses:</b>			
Program services:			
Medical and scientific	990,379		990,379
Patients and families	4,475,038		4,475,038
Total program services	<u>5,465,417</u>		<u>5,465,417</u>
Supporting services:			
Administration and finance	1,250,232		1,250,232
Marketing and fundraising	1,156,100		1,156,100
Total supporting services	<u>2,406,332</u>		<u>2,406,332</u>
Losses:			
Net investment loss	1,610,899		1,610,899
Loss on asset disposal	40,684		40,684
Total losses	<u>1,651,583</u>		<u>1,651,583</u>
<b>Total expenses and losses</b>	<b><u>9,523,332</u></b>		<b><u>9,523,332</u></b>
<b>Changes in net assets</b>	<b>(1,627,515)</b>	<b>827,074</b>	<b>(800,441)</b>
<b>Net assets:</b>			
Beginning of year	<u>13,349,405</u>	<u>493,046</u>	<u>13,842,451</u>
<b>End of year</b>	<b><u>\$ 11,721,890</u></b>	<b><u>\$ 1,320,120</u></b>	<b><u>\$ 13,042,010</u></b>

See notes to financial statements.



**IMMUNE DEFICIENCY FOUNDATION**

STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2021

	<u>Without donor restrictions</u>	<u>With donor restrictions</u>	<u>Total</u>
<b>Support and revenue:</b>			
Contributions and grants	\$ 5,627,500	\$ 410,171	\$ 6,037,671
Government grants and other contract revenue	2,167,844		2,167,844
Investment income, net	1,267,100		1,267,100
Other income	540,483		540,483
Special events	406,970		406,970
Net assets released from restrictions	567,440	(567,440)	-
<b>Total support and revenue</b>	<b><u>10,577,337</u></b>	<b><u>(157,269)</u></b>	<b><u>10,420,068</u></b>
<b>Expenses:</b>			
Program services:			
Medical and scientific	757,081		757,081
Patients and families	5,205,460		5,205,460
Total program services	<u>5,962,541</u>		<u>5,962,541</u>
Supporting services:			
Administration and finance	1,268,203		1,268,203
Marketing and fundraising	792,871		792,871
Total supporting services	<u>2,061,074</u>		<u>2,061,074</u>
<b>Total expenses</b>	<b><u>8,023,615</u></b>		<b><u>8,023,615</u></b>
<b>Changes in net assets</b>	<b>2,553,722</b>	<b>(157,269)</b>	<b>2,396,453</b>
<b>Net assets:</b>			
Beginning of year	<u>10,795,683</u>	<u>650,315</u>	<u>11,445,998</u>
<b>End of year</b>	<b><u>\$ 13,349,405</u></b>	<b><u>\$ 493,046</u></b>	<b><u>\$ 13,842,451</u></b>

See notes to financial statements.

## IMMUNE DEFICIENCY FOUNDATION

### STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED DECEMBER 31, 2022

	Program services			Supporting services			Total program and supporting services
	Medical and scientific	Patients and families	Total program services	Administrative and finance	Marketing and fundraising	Total supporting services	
<b>Salaries and related expenses:</b>							
Salaries	\$ 360,188	\$ 1,774,511	\$ 2,134,699	\$ 800,815	\$ 587,958	\$ 1,388,773	\$ 3,523,472
Employee benefits	46,318	239,220	285,538	124,246	74,526	198,772	484,310
Payroll taxes	28,149	141,600	169,749	58,214	47,985	106,199	275,948
<b>Total salaries and related expenses</b>	<b>434,655</b>	<b>2,155,331</b>	<b>2,589,986</b>	<b>983,275</b>	<b>710,469</b>	<b>1,693,744</b>	<b>4,283,730</b>
<b>Expenses before depreciation:</b>							
Advertising		51,897	51,897		819	819	52,716
Awards and grants	133,020		133,020				133,020
Bank fees	4,499	19,796	24,295	6,456	32,346	38,802	63,097
Consulting fees	217,490	1,397,401	1,614,891	64,149	71,042	135,191	1,750,082
Dues and subscriptions	17,867	126,657	144,524	26,039	13,374	39,413	183,937
Excise tax		9,482	9,482				9,482
Insurance	10,513	16,942	27,455	6,227	4,538	10,765	38,220
Interest				1,604		1,604	1,604
Occupancy	35,140	137,201	172,341	59,999	31,679	91,678	264,019
Permits and license	122		122	764	6,470	7,234	7,356
Postage and shipping	4,321	39,546	43,867	3,352	50,320	53,672	97,539
Professional fees	3,022	11,800	14,822	4,338	2,725	7,063	21,885
Rental and maintenance of equipment	6,328	21,723	28,051	6,990	4,391	11,381	39,432
Repairs and maintenance	1,509	5,893	7,402	2,165	1,361	3,526	10,928
Staff development	169	7,590	7,759	3,538	1,538	5,076	12,835
Supplies	18,703	90,480	109,183	13,468	53,487	66,955	176,138
Telephone	14,934	49,336	64,270	15,257	8,737	23,994	88,264
Training, conference, conventions and meetings	53,707	194,675	248,382	17,447	120,218	137,665	386,047
Transportation/travel	13,302	56,992	70,294	4,913	23,584	28,497	98,791
<b>Total salaries and expenses before depreciation</b>	<b>969,301</b>	<b>4,392,742</b>	<b>5,362,043</b>	<b>1,219,981</b>	<b>1,137,098</b>	<b>2,357,079</b>	<b>7,719,122</b>
Depreciation and amortization	21,078	82,296	103,374	30,251	19,002	49,253	152,627
<b>Total expenses</b>	<b>\$ 990,379</b>	<b>\$ 4,475,038</b>	<b>\$ 5,465,417</b>	<b>\$ 1,250,232</b>	<b>\$ 1,156,100</b>	<b>\$ 2,406,332</b>	<b>\$ 7,871,749</b>

See notes to financial statements.

**IMMUNE DEFICIENCY FOUNDATION**

STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED DECEMBER 31, 2021

	Program services			Supporting services			Total program and supporting services
	Medical and scientific	Services to patients and families	Total program services	Administrative and finance	Marketing and fundraising	Total supporting services	
<b>Salaries and related expenses:</b>							
Salaries	\$ 308,382	\$ 1,603,661	\$ 1,912,043	\$ 620,405	\$ 399,649	\$ 1,020,054	\$ 2,932,097
Employee benefits	37,535	230,501	268,036	71,725	54,619	126,344	394,380
Payroll taxes	23,366	129,203	152,569	51,538	32,054	83,592	236,161
<b>Total salaries and related expenses</b>	<b>369,283</b>	<b>1,963,365</b>	<b>2,332,648</b>	<b>743,668</b>	<b>486,322</b>	<b>1,229,990</b>	<b>3,562,638</b>
<b>Expenses before depreciation:</b>							
Advertising	22,498	110,233	132,731		3,648	3,648	136,379
Awards and grants		69,977	69,977				69,977
Bank fees	3,551	33,108	36,659	15,159	35,286	50,445	87,104
Consulting fees	226,059	2,244,972	2,471,031	179,697	83,867	263,564	2,734,595
Dues and subscriptions	55,413	173,288	228,701	15,797	7,122	22,919	251,620
Insurance	7,821	19,794	27,615	9,051	4,255	13,306	40,921
Interest				4,641		4,641	4,641
Occupancy	18,740	174,725	193,465	61,226	26,973	88,199	281,664
Permits and license				766	10,424	11,190	11,190
Postage and shipping	1,782	46,229	48,011	2,555	40,455	43,010	91,021
Professional fees	1,615	11,432	13,047	5,188	1,749	6,937	19,984
Rental and maintenance of equipment	4,131	25,209	29,340	9,698	3,056	12,754	42,094
Repairs and maintenance	94	878	972	402	136	538	1,510
Staff development	450	46,295	46,745	129,313		129,313	176,058
Supplies	1,890	96,733	98,623	44,241	55,269	99,510	198,133
Telephone	15,819	45,595	61,414	13,105	6,754	19,859	81,273
Training, conference, conventions and meetings	17,636	74,729	92,365		16,276	16,276	108,641
Transportation/travel	3,012	952	3,964	2,587	790	3,377	7,341
<b>Total salaries and expenses before depreciation</b>	<b>749,794</b>	<b>5,137,514</b>	<b>5,887,308</b>	<b>1,237,094</b>	<b>782,382</b>	<b>2,019,476</b>	<b>7,906,784</b>
Depreciation and amortization	7,287	67,946	75,233	31,109	10,489	41,598	116,831
<b>Total expenses</b>	<b>\$ 757,081</b>	<b>\$ 5,205,460</b>	<b>\$ 5,962,541</b>	<b>\$ 1,268,203</b>	<b>\$ 792,871</b>	<b>\$ 2,061,074</b>	<b>\$ 8,023,615</b>

See notes to financial statements.

**IMMUNE DEFICIENCY FOUNDATION**

STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ (800,441)	\$ 2,396,453
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Amortization expense	122,721	76,048
Depreciation expense	29,906	40,783
Tenant improvement allowances	(203,567)	
Realized (gain) loss on investments	129,622	(567,617)
Unrealized (gain) loss on investments	1,716,418	(467,696)
Loss on sale of property and equipment	40,684	
Investment income, net	(235,141)	(178,539)
Forgiveness of Paycheck Protection Program loan		(531,049)
Changes in operating accounts:		
(Increase) decrease in:		
Accounts receivable	(216)	(231,755)
Unconditional promise to give	363,496	
Prepaid expenses	(20,887)	56,840
Security deposits	(17,130)	
Right-of-use asset	(926,067)	
Increase (decrease) in:		
Accounts payable	(96,388)	67,103
Deferred rent	(19,864)	(18,769)
Refundable advance	63,162	
Operating leases	1,155,075	
<b>Net cash provided by operating activities</b>	<b><u>1,301,383</u></b>	<b><u>641,802</u></b>

(continued)

**IMMUNE DEFICIENCY FOUNDATION**

STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
<b>Cash flows from investing activities:</b>		
Purchases of:		
Property and equipment	\$ (10,390)	\$ (341,718)
Software	(37,252)	
Proceeds from sales of investments	1,040,000	2,000,000
Purchases of investments	<u>(1,711,919)</u>	<u>(2,500,000)</u>
<b>Net cash used in investing activities</b>	<b><u>(719,561)</u></b>	<b><u>(841,718)</u></b>
<b>Cash flows used in financing activities, principal payments on finance leases</b>	<b><u>(20,830)</u></b>	<b><u>(16,372)</u></b>
<b>Net change in cash and cash equivalents</b>	<b>560,992</b>	<b>(216,288)</b>
<b>Cash and cash equivalents:</b>		
Beginning of year	<u>689,372</u>	<u>905,660</u>
<b>End of year</b>	<b><u><u>\$ 1,250,364</u></u></b>	<b><u><u>\$ 689,372</u></u></b>
Supplemental schedule of noncash financing activities:		
Forgiveness of Paycheck Protection Program loan		\$ 531,049
Reinvested investment income, net	\$ 235,141	178,539
Leasehold improvements paid by the landlord	203,567	
Supplemental cash flow information:		
Interest expense paid	1,604	4,641

See notes to financial statements.

# ***IMMUNE DEFICIENCY FOUNDATION***

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021**

### **1. Nature of activities and significant accounting policies:**

#### *Nature of activities:*

Immune Deficiency Foundation (the Foundation) is a Delaware nonprofit organization without members, headquartered in Maryland, dedicated to improving the diagnosis, treatment and quality of life of persons with primary immunodeficiency diseases through advocacy, education and research. The Foundation gathers, coordinates and disseminates information and conducts educational campaigns in order to increase family and public awareness concerning the diseases. The Foundation also engages in fundraising activities in support of its goal, primarily sources of support and revenues are from government grants and contracts, foundation grants and individual and corporate donations and contributions.

#### *Basis of accounting:*

The financial statements of the Foundation have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities. As such, revenue is recognized when earned and expenditures when incurred.

#### *Cash and cash equivalents:*

The Foundation considers all cash and highly liquid investments with a maturity of three months or less to be cash and cash equivalents. Certificates of deposits and money market funds held for investment purposes are excluded from this classification.

#### *Investments:*

Investments in marketable securities with readily determinable market values and all investments in debt and equity securities are valued at their market values, which is the market value based on quoted market prices, when available, or market prices provided by recognized broker-dealers, with gains and losses included in the statements of activities. Investment income is recorded as income with or without donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

#### *Accounts receivable:*

Accounts receivable consist of amounts due from funding sources for services provided. The Foundation considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required.

# ***IMMUNE DEFICIENCY FOUNDATION***

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021**

### **1. Nature of activities and significant accounting policies (continued):**

#### *Unconditional promises to give:*

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows, as management believes that this is the most accurate method of reporting the receivables and related revenues. At December 31, 2022, management expects to collect all unconditional promises to give within the next year; and therefore, the entire balance is reported as current on the statements of financial position.

#### *Prepaid expenses:*

Prepaid expenses include amounts paid for employee travel and conferences, employee benefits, rent, insurance and other items which relate to the following fiscal year.

#### *Property and equipment:*

Property and equipment are reported at cost, if purchased, or at fair value, if donated. Donations are reported as contributions without donor restrictions unless the donor restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire fixed assets, are reported as contributions with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Foundation reports expirations of donor restrictions when the donated or acquired assets are placed in service.

Depreciation is provided on a straight-line basis over the estimated useful lives of the depreciable assets, which range from three to 40 years. The Foundation generally capitalizes property and equipment, which provide benefits that have a cost, if purchased, or fair value, if donated, of greater than \$5,000.

#### *Software:*

Software and website costs are amortized over the estimated useful life of the asset, which is three years. Amortization expense totaled \$119,301 and \$76,049 for years ended December 31, 2022 and 2021, respectively.

# ***IMMUNE DEFICIENCY FOUNDATION***

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021

### **1. Nature of activities and significant accounting policies (continued):**

#### *Net assets:*

The Foundation reports information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions – Net assets without donor restrictions are resources that are currently available to support the Foundation’s operations and not subject to donor-imposed restrictions.

Net assets with donor restrictions – Net assets with donor restrictions are resources that may be utilized only in accordance with the restricted purpose established by the donor. The restriction may require the passage of time or the occurrence of a specific event to trigger the release of the restriction. The Foundation considers all contributions that are designated to a particular program to be transferred to net assets without donor restrictions when the terms of the restrictions have been met.

#### *Support and revenue:*

Contributions and grants, government grants and other contract revenue and special events revenue are recognized when the donor makes a promise to give to the Foundation that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Management has determined the Foundation’s contributions and grants are considered nonexchange transactions, and therefore, are recognized when a promise to give becomes unconditional.

The Foundation also receives conditional promises to give from donors. When conditional contributions and grants are received before the applicable conditions have been met, the appropriate amount is recorded as refundable advances. Conditions will typically be met within one year, at which point the contribution will be recognized. When conditions are met before receipt of funds, the appropriate amount is recorded as an unconditional promise to give. Amounts due from various donors are deemed fully collectable.



# ***IMMUNE DEFICIENCY FOUNDATION***

## **NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021**

### **1. Nature of activities and significant accounting policies (continued):**

#### *Donated services:*

The Foundation receives a significant amount of donated services from unpaid volunteers. No amounts relating to donated services have been recognized in the statements of activities as contributions because the criteria for recognition have not been satisfied. Contributed professional services are recognized if the services received a) create or enhance long-lived assets or b) require specialized skills are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

#### *Functional expenses:*

The costs of providing the various programs have been summarized on a functional basis in the statements of functional expenses. The statements of functional expenses present natural classification of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Administrative and finance expenses include those expenses that are not directly identifiable with any other specific function but provide the overall support and direction of the Foundation.

#### *Leases:*

The Foundation combines and accounts for lease and nonlease components as a single lease component for leases of real estate. The discount rates related to the Foundation's lease liabilities are general based on a risk-free rate as the discount rates implicit in the Foundation's leases and the Foundation's incremental borrowing rate cannot be readily determined. The Foundation has elected the short-term lease exceptions to not recognize leases with a lease term of 12 months or less on the statements of financial position. Variable lease payments are also not included in the statements of financial position and are recognized as expense in the period when the changes in facts and circumstances on which the variable payment is based occurs.

#### *Advertising costs:*

The Foundation expenses advertising costs as incurred.

#### *Tax-exempt status:*

The Foundation is incorporated under the laws of the State of Delaware as a nonprofit organization. The Foundation has elected under provisions of Internal Revenue Code (IRC) Section 501(c)(3) and state income tax statutes to be excluded from taxes on exempt function income. Therefore, no provision is made for taxes on income. The Foundation is subject to an excise tax on excess lobbying expenditures under IRC section 4911.

# ***IMMUNE DEFICIENCY FOUNDATION***

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021

### **1. Nature of activities and significant accounting policies (continued):**

#### *Tax-exempt status:*

The Foundation's tax returns for 2022, 2021, 2020 and 2019 are subject to examination by the IRS and state tax authorities generally for three years after they were filed. The Foundation believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

#### *Estimates:*

Management uses estimates and assumptions in preparing the financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses. Actual results could vary from the estimates that were used.

#### *Reclassifications:*

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the preparation in the current financial statements.

### **2. Adoption of new accounting pronouncement:**

In February 2016, the FASB (Financial Accounting Standards Board) issued Accounting Standards Update (ASU) No. 2016-02, *Leases*, which replaces the former guidance with ASC-842, *Leases*. The core principle of ASC 842 is that any entity should recognize an asset and related liability for leases longer than one year to depict the transfer of promised rights and obligations in an amount that reflects the consideration to which the entity expects to be entitled. Additionally, the guidance requires improved disclosures to help users of financial statements better understand the nature, amount, timing and uncertainty of leases and cash flows arising from contracts. For contracts existing at the time of adoption, the Company elected to not reassess (i) whether any are or contain leases, (ii) lease classification and (iii) initial direct costs.

Effective January 1, 2022, the Company adopted ASU 2016-02 using the modified retrospective method and did not adjust comparative prior periods. There was no impact to the statements as of January 1, 2022 as a result of the implementation of this standard, however, the Foundation began renting office space in October 2022, which resulted in recording a lease liability of \$1,144,199 and corresponding right-of-use asset of \$940,633 as of October 1, 2022 (see Note 9).

## *IMMUNE DEFICIENCY FOUNDATION*

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021

#### 3. Concentrations:

The Foundation maintains its cash deposits in several financial institutions. Cash deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. As of December 31, 2022, the cash deposits exceed the limit by \$1,900,249, representing the maximum loss risk.

The institutions holding the Foundation's investments are members of the Securities Investor Protection Corporation (SIPC). SIPC insures the cash and securities in each investor's account up to \$500,000 against loss in the case of a failed brokerage firm or misappropriation of assets by the broker; however, only up to \$250,000 of the total coverage can be applied to cash. As of December 31, 2022, the investments exceeded the limit by \$9,223,601, representing the maximum loss risk.

The Foundation depends on receiving public and private donations for a significant portion of their support each year. One donor accounted for 26% and 14% of contributions for the years ended December 31, 2022 and 2021, respectively.

#### 4. Financial assets and liquidity resources:

The following reflects the Foundation's financial assets, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of December 31:

	2022	2021
Cash and cash equivalents	\$ 1,250,364	\$ 689,372
Investments	11,712,351	12,651,331
Accounts receivable	8,920	8,704
Promises to give available for current use	58,271	421,767
Financial assets as of December 31	13,029,906	13,771,174
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions	(1,320,120)	(493,046)
Board designations, endowment fund, primarily for long-term investing	(6,198,759)	(7,297,781)
Financial assets available to meet cash needs for general expenditures within one year	\$ 5,511,027	\$ 5,980,347

As part of the Foundation's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

## *IMMUNE DEFICIENCY FOUNDATION*

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021

#### 5. Quasi-endowment funds:

The Foundation's endowments consist of three individual funds established through net assets without donor restrictions designated by the Board of Directors to function as a general endowment for the purpose of providing support for the programs and overall operations of the Foundation. Since the funds are not donor restricted, they are classified and reported as net assets without donor restrictions.

Composition of and changes in the quasi-endowment and quasi-endowment net assets were as follows for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Investments, board designated and net assets without donor restrictions, board designated, beginning of year	\$ 7,297,781	\$ 5,483,828
Contributions		1,000,000
Investment return, net	<u>(1,099,022)</u>	<u>813,953</u>
Investments, board designated and net assets without donor restrictions, board designated, end of year	<u>\$ 6,198,759</u>	<u>\$ 7,297,781</u>

#### *Return objectives, risk parameters, strategies for achieving objectives and spending policy:*

The Foundation has adopted investment and spending policies for quasi-endowment assets that attempt to achieve long-term capital growth while avoiding excessive risk and achieving preservation of purchasing power. To manage risk in the fund, the investment policy is to be reviewed annually by the Board of Directors for any necessary revisions. To satisfy its long-term objective, the Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments. The Foundation employs an investment management firm to manage the quasi-endowment funds. The investment strategy for all of the Foundation's investments is under the oversight of the Board of Directors.

## *IMMUNE DEFICIENCY FOUNDATION*

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021

#### 6. Investments:

Investments are stated at fair market value and consisted of the following at December 31:

	2022		2021	
	Cost	Fair value	Cost	Fair value
Demand deposits	\$ 1,505,255	\$ 1,505,255	\$ 704,254	\$ 704,254
Money market funds	235	235	395,558	395,558
Certificates of deposit	1,250,000	1,248,083	750,000	749,630
Equity mutual funds	5,433,733	5,791,605	5,667,841	7,433,159
Fixed income:				
Mutual funds	2,577,652	2,257,372	2,974,169	2,512,676
Debt securities	1,057,485	909,801	417,526	856,054
Totals	<u>\$ 11,824,360</u>	<u>\$ 11,712,351</u>	<u>\$ 10,909,348</u>	<u>\$ 12,651,331</u>

Investment income was as follows for the years ended December 31:

	2022	2021
Interest and dividends	\$ 299,863	\$ 286,433
Fees	(64,722)	(54,646)
Net realized gains (losses) on sales of investments	(129,622)	567,617
Net unrealized gains (losses) on investments held	<u>(1,716,418)</u>	<u>467,696</u>
Total investment income (loss)	<u>\$ (1,610,899)</u>	<u>\$ 1,267,100</u>

#### 7. Fair value measurements:

The Foundation uses a framework for measuring fair value that prioritizes the inputs to valuation techniques used to measure fair value hierarchy. The following are the major categories of assets measured at fair value on a recurring basis those using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2) and significant unobservable inputs (Level 3). The Foundation has no assets or liabilities categorized as Level 3.

## IMMUNE DEFICIENCY FOUNDATION

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021

#### 7. Fair value measurements (continued):

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. Following is a description of the valuation methodologies used for assets measured at fair value:

Certificates of deposit and debt securities: Valued based on significant other observable inputs, a Level 2 input.

Stocks and mutual funds: Valued at the quoted price in the active market for identical securities, a Level 1 input.

The preceding methods described may produce a fair value calculation that may not be indicative of the net realizable value or reflective of future fair values.

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets measured at fair value as of December 31:

	2022		
	Level 1	Level 2	Total
Certificates of deposit		\$ 1,248,083	\$ 1,248,083
Stocks and EFTs	\$ 5,791,605		5,791,605
Fixed income securities:			
Mutual funds	2,257,372		2,257,372
Debt securities		909,801	909,801
Total investments at fair value	8,048,977	2,157,884	10,206,861
Cash held in investments	1,505,490		1,505,490
Total investments and cash held in investments	\$ 9,554,467	\$ 2,157,884	\$ 11,712,351

**IMMUNE DEFICIENCY FOUNDATION**

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

**7. Fair value measurements (continued):**

	2021		
	Level 1	Level 2	Total
Certificates of deposit		\$ 749,630	\$ 749,630
Stocks and EFTs	\$ 7,433,159		7,433,159
Fixed income securities:			
Mutual funds	2,512,676		2,512,676
Debt securities		856,054	856,054
Total investments at fair value	9,945,835	1,605,684	11,551,519
Cash held in investments	1,099,812		1,099,812
Total investments and cash held in investments	<u>\$ 11,045,647</u>	<u>\$ 1,605,684</u>	<u>\$ 12,651,331</u>

**8. Property and equipment:**

Property and equipment, at cost, consisted of the following at December 31, 2022 and 2021.

	2022	2021
Equipment	\$ 10,314	\$ 296,049
Furniture and fixtures	17,267	206,560
Leasehold improvements	213,957	
	241,538	502,609
Less accumulated depreciation	<u>(31,001)</u>	<u>(432,019)</u>
Total	<u>\$ 210,537</u>	<u>\$ 70,590</u>

## *IMMUNE DEFICIENCY FOUNDATION*

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021

#### **9. Lease commitments:**

On November 5, 2014, the Foundation signed a lease for office space. The lease commenced in December 2014 and is for a term of seven years and nine months. The base rent for the office space is \$238,989 with an escalated rent payment of 2.75% beginning the first day of each subsequent lease year. Additionally, the lease agreement stipulates a reduction in lease payments, equal to the amount of a prior office space lease, until the prior office space lease expired on September 30, 2015. The lease terminated in September 2022.

In 2022, the Foundation signed a lease for office space. The lease commenced in October 2022 and is for a term of seven years and four months, set to expire in January 2030, with a five-year renewal option to January 2035. The renewal option periods have been included within the lease term as management has determined the Foundation is reasonably certain to exercise that right. The base rent for the office space is \$8,565 per month with an escalated rent payment of 3.00% beginning the first day of each subsequent lease year.

The Foundation recognizes lease expense on a straight-line basis over the term of the lease, considering lessor incentives for tenant improvements, periods where no rent payment is required and escalations in rent payments over the term of the lease. The Foundation's lease agreement does not contain any material residual value guarantees or material restrictive covenants. No cash was paid during the year ended December 31, 2022 due to the landlord providing the space at no cost for the first four months of the lease.

The discount rate used in determining the liability was 3.79%, which was the treasury bill rate at the commencement of the lease. The remaining lease term is 12 years and 1 month.

Rent expense was \$264,019 and \$281,664 for the years ended December 31, 2022 and 2021, respectively.



**IMMUNE DEFICIENCY FOUNDATION**

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

**9. Lease commitments (continued):**

Future minimum payments for the operating lease are as follows:

Year ending December 31,		
2023	\$	94,215
2024		105,606
2025		108,775
2026		112,038
2027		115,399
Thereafter		922,624
Total future undiscounted lease payments		1,458,657
Less imputed interest		303,582
Lease liability		\$ 1,155,075

**10. Conditional promises to give:**

Conditional promises to give are not included as revenue or unconditional promises to give until such time as the conditions are substantially met. The following conditional promises to give exist where the condition has not yet been achieved at December 31, 2022:

Purpose	Condition	Amount
Maternal and Child Health Federal Consolidated Programs	Incur qualifying costs	\$ 118,251
Allergy and Infectious Diseases Research	Incur qualifying costs	100,064
Payer Education	Incur qualifying costs and complete contracted services	15,000
Educational Series	Incur qualifying costs and complete contracted services	89,870
		\$ 323,185

***IMMUNE DEFICIENCY FOUNDATION***

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

**11. Net assets, restrictions and designations:**

The Board of Directors has designated net assets without donor restrictions for the following purposes at December 31:

	<u>2022</u>	<u>2021</u>
Endowment (see Note 5)	\$ 6,198,759	\$ 7,297,781
Program	3,380,172	3,908,862
Research investment	503,575	596,441
Primary Immunodeficiency Research Consortium (PIRC)	<u>81,975</u>	<u>92,048</u>
Total board-designated net assets	<u><u>\$ 10,164,481</u></u>	<u><u>\$ 11,895,132</u></u>

## IMMUNE DEFICIENCY FOUNDATION

### NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2022 AND 2021

#### 11. Net assets, restrictions and designations (continued):

Net assets with donor restrictions were available for the following purposes as of December 31:

	<u>2022</u>	<u>2021</u>
Accumulators	\$ 22,500	\$ 10,000
Advocacy	215,000	105,000
Awareness fund	755	
CGD initiative	19,805	19,022
Core services	581,000	90,000
CVID initiative	46,396	103,623
David Salamone Fund	9,775	9,775
Education and mentoring	5,000	2,500
Enhanced medical support		20,265
Gene therapy	1,811	3,945
Genetic testing		15,000
IDF Friends	25,000	
Life stages initiative	103,197	260
Monthly giving	210	210
Payer education		6,376
Patient survey	78,322	
PI Conference	15,000	
Research project	110,000	80,000
SCID initiative	32	75
Undiagnosed and underserved	50,000	
USIDNET	20,612	25,827
Walks (2022)	15,000	
XLA initiative	<u>705</u>	<u>1,168</u>
Total net assets with donor restrictions	<u>\$ 1,320,120</u>	<u>\$ 493,046</u>

#### 12. Retirement plan:

The Foundation is the sponsor of a 401(k) plan for all full-time employees older than age 21 having completed more than one year of service, consisting of at least 1,000 hours of service. The Foundation will match the first 3% and 50% of the next 2% of employees' elective deferral contributions. The Foundation contributed \$108,261 and \$80,760 for the years ended December 31, 2022 and 2021, respectively.

***IMMUNE DEFICIENCY FOUNDATION***

NOTES TO FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

**13. Excise tax:**

During the year ended December 31, 2022, the Foundation participated in excess lobbying activities, as defined by the Internal Revenue Service. As a result, the Foundation has incurred excise tax expense of \$9,482.

**14. Subsequent events:**

Management has evaluated subsequent events through June 12, 2023, the date the financial statements were available to be issued.

**IMMUNE DEFICIENCY FOUNDATION**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 YEAR ENDED DECEMBER 31, 2022  
 (See independent auditor's report)

Federal grantor/pass-through grantor/program or cluster title	Federal AL number	Pass through entity identifying number	Federal expenditures	Amount passed through to subrecipients
<b>U.S. Department of Health and Human Services:</b>				
Direct funding, Allergy and Infectious Diseases Research	93.855		\$ 46,207	
Passed through the Children's Hospital of Philadelphia, Allergy and Infectious Diseases Research	93.855	PO #20430397 / GRT-00002464	<u>288</u>	
Total Allergy and Infectious Diseases Research			<u>46,495</u>	
Direct funding, Maternal and Child Health Federal Consolidated Programs	93.110		930,128	\$ 537,814
Passed through the Regents of the University of California, San Francisco, Maternal and Child Health Federal Consolidated Programs	93.110	13179sc	<u>17,202</u>	
Total Maternal and Child Health Federal Consolidated Programs			<u>947,330</u>	<u>537,814</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>993,825</u>	<u>537,814</u>
<b>Total federal expenditures</b>			<u><u>\$ 993,825</u></u>	<u><u>\$ 537,814</u></u>

## ***IMMUNE DEFICIENCY FOUNDATION***

### NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2022

#### **1. Basis of presentation:**

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Foundation under programs of the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Foundation, it is not intended to, and does not, present the financial position, changes in net assets or cash flows of the Foundation.

#### **2. Summary of significant accounting policies:**

Expenditures reported on the schedule of expenditures of federal awards are reported on the accrual basis of accounting. Federal expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

#### **3. Indirect cost rate:**

The Foundation did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

Independent Auditor's Report

Board of Directors  
Immune Deficiency Foundation  
Hanover, Maryland

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Immune Deficiency Foundation, which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year ended December 31, 2022 and the related notes to the financial statements, and have issued our report thereon dated June 12, 2023.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Immune Deficiency Foundation's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Immune Deficiency Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Immune Deficiency Foundation's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies; and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify a deficiency in internal control over financial reporting that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2022-001 that we consider to be a material weakness.

### **Compliance and Other Matters**

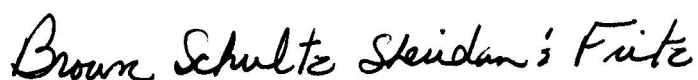
As part of obtaining reasonable assurance about whether Immune Deficiency Foundation's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Immune Deficiency Foundation's Response to Finding**

Immune Deficiency Foundation's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Immune Deficiency Foundation's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Frederick, Maryland  
June 12, 2023





Report on Compliance for each  
Major Federal Program and on  
Internal Control Over Compliance in Accordance  
With the Uniform Guidance

Independent Auditor's Report

Board of Directors  
Immune Deficiency Foundation  
Hanover, Maryland

**Report on Compliance for the Major Federal Program**

**Opinion on the Major Federal Program**

We have audited Immune Deficiency Foundation's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on Immune Deficiency Foundation's major federal program for the year ended December 31, 2022. Immune Deficiency Foundation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion section of our report, Immune Deficiency Foundation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2022.

**Basis for Qualified Opinion**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Immune Deficiency Foundation and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Immune Deficiency Foundation's compliance with the compliance requirements referred to above.

### *Matter Giving Rise to Qualified Opinion on the Major Federal Program*

As described in the accompanying schedule of findings and questioned costs, Immune Deficiency Foundation did not comply with requirements regarding the major federal program as described in finding number 2022-002 for Reporting.

Compliance with such requirements is necessary, in our opinion, for Immune Deficiency Foundation to comply with the requirements applicable to that program.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Immune Deficiency Foundation's federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Immune Deficiency Foundation's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance; and therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Immune Deficiency Foundation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Immune Deficiency Foundation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Immune Deficiency Foundation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Immune Deficiency Foundation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Other Matters

*Government Auditing Standards* requires the auditor to perform limited procedures on Immune Deficiency Foundation's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Immune Deficiency Foundation's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance; and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-003 to be material weaknesses.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*Government Auditing Standards* require the auditor to perform limited procedures on Immune Deficiency Foundation's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Immune Deficiency Foundation's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Brown Schultz Steidman & Fritz*

Frederick, Maryland  
June 12, 2023

**IMMUNE DEFICIENCY FOUNDATION**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2022

**I. SUMMARY OF AUDITOR'S RESULTS**

*Financial statements*

Type of auditor's report issued:	Unmodified Opinion
Internal control over financial reporting:	
Material weaknesses identified?	<u>  X  </u> Yes <u>      </u> No
Significant deficiencies identified that are not considered to be material weaknesses?	<u>      </u> Yes <u>  X  </u> None reported
Noncompliance material to financial statements noted?	<u>      </u> Yes <u>  X  </u> No

*Federal awards*

Internal control over major programs:	
Material weaknesses identified?	<u>  X  </u> Yes <u>      </u> No
Significant deficiencies identified that are not considered to be material weaknesses?	<u>      </u> Yes <u>  X  </u> No

Type of auditor's report issued on compliance for major programs:	Qualified Opinion
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Any audit findings disclosed that are required to be reported under Section 200.516 of the Uniform Guidance?	<u>  X  </u> Yes <u>      </u> No
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Identification of major program tested:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
93.110	Maternal and Child Health Federal Consolidated Programs

Dollar threshold used to distinguish between type A and type B programs	<u>\$ 750,000</u>
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Auditee qualified as low-risk auditee?	<u>  X  </u> Yes <u>      </u> No
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# ***IMMUNE DEFICIENCY FOUNDATION***

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2022**

### **II. FINDINGS - FINANCIAL STATEMENT AUDIT**

*Finding reference: 2022-001*

#### **Material weakness in internal control over financial reporting – recording contributions and releases**

*Criteria:* Donor contributions must be assessed to determine if they are conditional or unconditional. If contributions are conditional, revenue and receivables are recognized at the point the condition is met. If contributions are unconditional, then further analysis needs performed to determine if there are donor restrictions. For contributions with donor restrictions, release of those restrictions occurs when the restricted funds have been expended for the restricted purpose. For contributions without donor restrictions, the Board of Directors may designate the funds for a specific purpose.

*Condition:* Contribution and grant revenue was not recognized in the proper period and restriction releases were not recorded in accordance with GAAP.

*Cause:* Management did not track conditional contributions separately from unconditional, restricted contributions. Also, management treated restrictions as satisfied when the project or program the funds were restricted for were completed.

*Effect:* During testing of restriction releases during the audit, it was noted that donor-restricted contributions were released without supporting expenditures.

Contributions and grants were overstated by \$104,870 and net assets with donor restrictions were overstated by \$63,962.

*Context:* Two separate funding sources provided conditional contributions during the year ended December 31, 2022 for \$150,000 and \$95,908 with up-front payments of \$135,000 and \$70,000, respectively. Conditions were only partially met at December 31, 2022 limiting revenue to \$135,000 and \$6,038, respectively. The full amount of the contributions were recorded as revenue and \$15,000 and \$25,908, respectively, were recorded as receivables at December 31, 2022.

Unconditional and unrestricted funding totaling \$25,000 was received during the year ended December 31, 2022. Management designated the funds for a specific purpose which resulted in the funds being reported as restricted. Unconditional and unrestricted funds may only be designated by the Board of Directors.

Unconditional promises to give with donor restrictions totaling \$35,000 were made during the year ended December 31, 2022 but were not received until 2023. These amounts were not included in net assets with donor restrictions at December 31, 2022.

The Foundation released donor-imposed restrictions that were not satisfied at December 31, 2022 totaling \$1,506,757.

## ***IMMUNE DEFICIENCY FOUNDATION***

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2022

#### **II. FINDINGS - FINANCIAL STATEMENT AUDIT (CONTINUED)**

*Finding reference: 2022-001 (continued)*

*Recommendation:* When the Foundation makes requests to third parties specific for the programs the Foundation runs, that is putting an implied restriction on the funds the donor agrees to provide. The only way to release those restrictions is to spend the funding. If the Foundation receives more money than it costs to run the program, it is the Foundation's responsibility to request that the donor release the restriction or change the restriction for another purpose. The Foundation could carry the program restriction into the subsequent year, but since the Foundation typically receives full funding on an annual basis that will not free up the excess funding for other purposes. The ideal situation is that the funder gives permission to release the restriction that would allow the Foundation to use the funds for general operations. Going forward another approach could be to explicitly state in the funding request that your policy is to allocate a specified percentage of all purpose-restricted contributions to supporting services, or make funding requests more broad to cover general operations.

We also recommend that conditional contributions are tracked separately from restricted unconditional contributions. This will ensure the closing entries are appropriate at year end.

*Views of Responsible Officials and Planned Corrective Actions:* See corrective action plan.

#### **III. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

*Finding reference: 2022-002*

Federal Agency: Department of Health and Human Services  
Federal Program: 93.110 Maternal and Child Health Federal Consolidated Programs  
Requirement: Reporting  
Type of Finding: Material weakness in internal control over major program; Noncompliance

*Criteria:* Any obligation to a subrecipient over \$25,000 is required to be reported under the Federal Funding Accountability and Transparency Act (FFATA) requirements.

*Condition:* First tier subawards were not entered into the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS) portal during the audit period.

*Cause:* Management does not have procedures in place to ensure subrecipients meeting the reporting requirement are entered into the FSRS portal.

*Effect:* First tier subrecipients may not be reported in the FSRS portal, causing noncompliance with the FFATA.

**IMMUNE DEFICIENCY FOUNDATION**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2022

**III. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT (CONTINUED)**

*Finding reference: 2022-002 (continued)*

*Context:* There was one subrecipient agreement that met the requirements of a first tier subaward during the audit period. This subaward was not reported in the FSRS portal during the year under audit. A summarization of transactions tested, as well as questioned costs, are below.

<u>Transactions tested</u>	<u>Subaward not reported</u>	<u>Report not timely</u>	<u>Subaward amount incorrect</u>	<u>Subaward missing key elements</u>
1	1	1	1	1
<u>Dollar amount of transactions tested</u>	<u>Subaward not reported</u>	<u>Report not timely</u>	<u>Subaward amount incorrect</u>	<u>Subaward missing key elements</u>
\$ 348,876	\$ 348,876	\$ 348,876	\$ 348,876	\$ 348,876

*Recommendation:* The Foundation should make the first-tier subaward determination when funds are awarded to subrecipients and promptly enter qualifying subawards into the FSRS portal. Brown Schultz Sheridan & Fritz (BSSF) recommends that one individual is responsible for entering the subaward into the portal and another individual is responsible for checking the portal before the deadline (one month after the subaward obligation was made). Adding this additional review of the portal would ensure that qualifying subawards are appropriately reported.

*Views of Responsible Officials and Planned Corrective Actions:* See corrective action plan.

*Finding reference: 2022-003*

Federal Agency: Department of Health and Human Services  
 Federal Program: 93.110 Maternal and Child Health Federal Consolidated Programs  
 Requirement: Reporting  
 Type of Finding: Material weakness in internal control over major program

*Criteria:* The Foundation is required to complete annual reporting for the grant on Form SF-425, *Federal Financial Report*. Per SF-425 instructions, the federal share of expenditures line (10e) should include, "...the sum of cash disbursements for direct charges for property and services; the amount of indirect expense incurred; and the net increase or decrease in the amounts owed by the recipient for (1) goods and other property received; (2) services performed by employees, contractors, subrecipients, and other payees; and (3) programs for which no current services or performance are required."



## ***IMMUNE DEFICIENCY FOUNDATION***

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2022**

#### **III. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT (CONTINUED)**

*Finding reference: 2022-003 (continued)*

The SF-425 instructions state that if an indirect cost rate is utilized, the grantee must report the type of rate (i.e. provisional, predetermined, final or fixed).

The SF-425 instructions state that cumulative amounts from the date of inception of the award through the reporting period end date should be reported.

*Condition:* Expenditures incurred by the Foundation, but not yet billed to the Department of Health and Human Services, were not included in the amounts reported for federal share of expenditures.

The indirect cost rate type reported did not match the type in the indirect cost rate plan approved by the Department of Health and Human Services.

The Base (line 11d) and Federal Share (line 11f) of indirect expenses reported on the annual SF-425 were not cumulative.

*Cause:* Management has not implemented adequate controls to ensure amounts reported match the requirements of the SF-425.

*Effect:* Misreporting of information required by the federal government may lead to federal inquiries of those charged with governance.

*Context:* The federal share of expenditures reported totaled \$5,147,866. Actual expenditures incurred totaled \$5,465,447. Amounts were underreported by \$317,581.

The Foundation reported their indirect rate type as fixed when it is provisional.

The indirect cost base reported totaled \$153,241 which was limited to the base for the budget period (August 1, 2021 to July 31, 2022). The actual cumulative base for the grant was \$836,269. Amounts were underreported by \$683,028. The federal share of indirect costs reported totaled \$92,404 which was for the budget period previously stated. The actual cumulative federal share of indirect costs was \$504,270. Amounts were underreported by \$411,866.

*Recommendation:* Instructions for required reporting should be read before preparing reports to ensure accurate amounts are presented. A review of the SF-425 should be done by a different individual than the preparer to catch any reporting errors.

*Views of Responsible Officials and Planned Corrective Actions:* See corrective action plan

***IMMUNE DEFICIENCY FOUNDATION***

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2022

There were no prior audit findings reported.

## CORRECTIVE ACTION PLAN

June 12, 2023

U. S. Department of Health and Human Services

The Immune Deficiency Foundation (IDF) respectively submits the following corrective action plan for the year ended December 31, 2022.

Name and address of independent accounting firm:

Brown Schultz Sheridan & Fritz  
7420 Hayward Road  
Frederick, MD 21702

Audit Period: January 01, 2022 to December 31, 2022

The findings from the schedule of questioned costs for the year ended December 31, 2022 are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

## **FINDINGS – FINANCIAL STATEMENT AUDIT**

Finding reference: 2022-001 – Material weakness – recording contributions and releases

*Recommendation:* When the Foundation makes requests to third parties specific for the programs the Foundation runs, that is putting an implied restriction on the funds the donor agrees to provide. The only way to release those restrictions is to spend the funding. If the Foundation receives more money than it costs to run the program, it is the Foundation's responsibility to request that the donor release the restriction or change the restriction for another purpose. The Foundation could carry the program restriction into the subsequent year, but since the Foundation typically receives full funding on an annual basis that will not free up the excess funding for other purposes. The ideal situation is that the funder gives permission to release the restriction that would allow the Foundation to use the funds for general operations. Going forward another approach could be to explicitly state in the funding request that your policy is to allocate a specified percentage of all purpose-restricted contributions to supporting services or make funding requests more broad to cover general operations.

We also recommend that conditional contributions are tracked separately from restricted unconditional contributions. This will ensure the closing entries are appropriate at year-end.

*Action taken:* It is an unusual and unique circumstance for IDF to spend less than budgeted expenses on specific programs; however, such a circumstance was realized in 2022 as less funds than anticipated were spent for some programs, primarily due to fewer in-person meetings and reduced travel. IDF reached out to the third parties in question to specifically request that 100% of the funds given be released and utilized to the benefit of IDF's mission. This has been approved in all cases by all funders in question. IDF maintains a transparent relationship with our funders, providing them with annual fulfillment reports detailing the benefits and recognition received throughout the year, ensuring we have provided what we have committed to in our funding requests. IDF is reviewing how our funding requests are written going forward, ensuring that language is included to proactively document approval and provide for the use of any unspent funds to be utilized for other mission-critical programs which may be underfunded.

## **FINDINGS – FEDERAL AWARD PROGRAM AUDIT**

Finding reference: 2022-002 – 93.110 Maternal and child health federal consolidated programs – Material weakness in internal control; Noncompliance

*Recommendation:* The Foundation should make the first-tier sub-award determination when funds are awarded to sub recipients and promptly enter qualifying sub awards into the FSRS

portal. BSSF recommends that one individual is responsible for entering the sub-award into the portal and another individual is responsible for checking the portal before the deadline (one month after the sub-award obligation was made). Adding this additional review of the portal would ensure that qualifying subawards are appropriately reported.

*Action Taken: In the final No Cost Extension for this award, the reporting of the subrecipient was missed in error by IDF. Once this was realized, the CFO immediately reported this in the FSRS portal. In the previous years of funding to this sub recipient, the FSRS reports were filed in a timely manner. This sub recipient was also named and approved in the original budget with the Department of Health and Human Services, Health Resources and Services Administration. Going forward, this report is now one of several items on a newly created checklist that is an addendum to our Financial Policies and Procedures Manual. This task will be completed by the Accounting Manager. The CFO will check the portal before the next deadline to ensure this is completed and is accurate. The proof of this will also be shared with the Project Manager on any federal grant.*

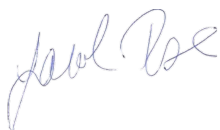
Finding reference: 2022-003 – 93.110 Maternal and child health federal consolidated programs – Material weakness in internal control; Material weakness in internal control

*Recommendation: Instructions for required reporting should be read before preparing reports to ensure accurate amounts are presented. A review of the SF-425 should be done by a different individual than the preparer to catch any reporting errors.*

*Action taken: Our internal Financial Policies and Procedures manual will be updated with a link to the most current instructions for the SF-425. The information on the SF-425 will be entered into the Payment Management System (PMS) by the Accounting Manager, followed by a review by the CFO before the final submission. This will provide additional oversight to prevent errors such as the incorrect Indirect Cost Rate type. It will also ensure that all indirect expenses are entered as a cumulative amount over the life of the grant, and not only indirect expenses for the current year of the grant. If invoices are received after the SF-425 is submitted, which is the case here, the SF-425 will be revised and resubmitted to update the amounts reported for the federal share of expenditures in lieu of waiting until the next reporting phase to provide the updated information. The errors noted on the SF-425 have been corrected. IDF will also take any applicable workshop training provided by the federal agency providing any grant funding, in this case, the HRSA Healthy Grants Workshops.*

If the U. S. Department of Health and Human Services has any questions regarding this response, please contact Sarah Rose, CFO at [srose@primaryimmune.org](mailto:srose@primaryimmune.org) or 443-632-2540.

Sincerely,

A handwritten signature in blue ink that reads 'Sarah Rose'.

Sarah Rose